

Annual report and financial statements
For the year ended 31 March 2023

Tŷ Hafan – the hospice for children in Wales
www.tyhafan.org
Registered Charity No. 1047912
Company No. 3077406

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Trustees' Statement

The trustees confirm that their annual report and the accounts of the Charity and its subsidiaries for the year ending 31 March 2023, have been prepared in accordance with:

- the Companies Act 2006
- the Charities Act 2011
- Tŷ Hafan's Articles of Association
- the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102).

Chairman's introduction

As we approach our twenty-fifth anniversary, the need for Tŷ Hafan's services becomes more and more apparent. We are seeing increased life expectancy for children with complex conditions and the demand on paediatric palliative care is growing. Tŷ Hafan has adapted our services to ensure we can care and support children with life-shortening conditions and their families when and where they need us.

Tŷ Hafan's trustees remain mindful of our role in leading the Charity to deliver on our vision and purpose, to understand how best we develop our services to meet the needs of our children and their families, and how to approach the future in the ever-changing health and social care landscape. We have seen how the shadow cast by the pandemic continued to impact our work in a multitude of ways: nursing staff had to endure working in PPE, the difficulties in recruiting nursing staff was exacerbated, and fundraising activities continued to be negatively impacted. However, we also witnessed care staff determined to deliver the care and support that was desperately needed; we saw innovation in the service provision, and we were impressed by the novel and focused activity of our fundraising teams. As a charity we remain bold, determined and steadfast in support of our beneficiaries. We do not stand still.

Tŷ Hafan is also fortunate to enjoy the continued support of generous supporters and fundraisers who enable us to deliver our services around the clock and free of charge at a time when generating income is becoming increasingly difficult. We sincerely thank each and every one of you. Our thanks also extends to the army of volunteers who dedicate their time to a wide array of activities including fundraising, working in shops and hospice care services. We simply could not provide our service without you.

Our ongoing commitment to deliver care and support was highlighted this year by the refurbishment of our hospice "den" area, which focuses on the needs of adolescents, and the increased provision of "play and stay" hubs in communities across Wales, allowing parents the priceless opportunity to spend time with their peers and access family support services.

Tŷ Hafan is uniquely placed to provide care and support for children with life-shortening conditions and their families in Wales. It is a privilege for trustees to lead the Charity and humbling to hear families describe the Charity as their "lifeline". We look forward with an immense degree of pride to commemorating our landmark anniversary in 2024. The drive and insatiable determination to be there for all the families in Wales that need us, whether that is in the hospice, in hospitals, in the home, or in the community, will continue to guide us.

As ever, on behalf of the board, our heartfelt gratitude is extended to our dedicated staff, volunteers, supporters and donors. While many people contribute to running our organisation, Tŷ Hafan undoubtedly belongs to the children we constantly strive to support.

Martin Davies
Chairman

Chief executive's statement

I am pleased to report that 2022/23 was another productive year at Tŷ Hafan, notwithstanding the many challenges thrown up by the cost-of-living crisis and resourcing pressures in the wake of the pandemic.

A positive legacy of COVID-19 was a marked increase in our offering of child and family wellbeing services (initially virtually and, when permitted, in person) across south and west Wales. Seeing the benefit of this, and to address the increasing complexity involved in care services provision at the hospice, upon the resignation of our incumbent director of care, our trustees approved a new senior leadership structure involving a dual directorate focused on hospice and community services respectively:

Director of nursing and clinical services role, supported by introducing a deputy director role focused on clinical governance and service improvement.

Director of family wellbeing and outreach services, recognising the increasingly vital partnership role we play in the health and social care ecosystem in Wales.

Every day these professionals (two of whom are external appointments and one internal) collaborate to ensure that our care services are delivered safely, and children and families remain at the heart of all we do.

A key priority has been filling registered nurse vacancies. As with other care services providers in Wales, we have experienced post-pandemic turnover in an environment where qualified resources are in short supply. To complement our hospice provision, where it has become increasingly challenging to keep up with increasing demand and complexity, we continued to invest in expanding our community provision. Our stay and play hubs, through which we bring our hospice to children and families in the community, received national recognition for innovation¹ and have since become a key feature of our services, which are free at the point of access. We also introduced a youth social action and participation project, funded by Children in Need, which is vital to give voice to older children and young people accessing our services.

In April we welcomed back a former colleague in the capacity of director of income generation, bringing stability and focus to this team and driving our highest levels of income since before the pandemic. Our retail team also delivered increased levels of contribution from a reduced portfolio of 18 shops (2019: 25 shops). A number of new roles were introduced to support efficiencies across the Charity.

Our fantastic volunteers (c.500 in number) continued to play a vital part in ensuring we could be there for the children and families, whether in our retail shops, in the hospice, supporting our head office teams, supporting with fundraising activities or maintaining the lovely gardens at our beautiful coastal hospice site. We were also delighted to host our all-staff conference on-site, our first in-person engagement with all colleagues since before the pandemic.

Throughout the year we delivered a number of strategic business plan projects. For example, our marketing and communications team led a consultative project with internal and external stakeholders to refresh our brand, our vision and our purpose (articulated within the '*Public benefit, vision, purpose, and strategic objectives*' section of this report). Our focus on colleagues, our key asset, was manifold. Building on our

¹ Hospice UK: [Examples of Innovation](#)

new vision and purpose, we launched a multi-year cultural change project, engaging colleagues from across the Charity in activities to redefine our values and to inform a team-based behavioural competency framework. To support retention in the post-pandemic era, we trialled hybrid working in our offices, for which feedback was overwhelmingly positive. We were also delighted to promote a number of internal candidates to key roles; delivered leadership and management development programmes and continued to implement initiatives to support colleague wellbeing. A 'care pathways' project and additional professional development programmes were introduced in care, both to ensure learnings from clinical incidents and to support colleagues in delivering safe care in an increasingly acute context.

From a public affairs perspective, we continued to engage with ministers and officials in local and Welsh Government to raise awareness about how we complement the statutory health and care ecosystem, and why our services matter to some of Wales most vulnerable children. Our 'Lifeline Fund' campaign, jointly delivered with Hope House/Tŷ Gobaith in North Wales, resulted in an uplift of £461k in statutory funding from Phase 1 of the Palliative End of Life Care Board's review, but unfortunately no further funding, or inflationary uplift, was received in Phase 2. This leaves Wales' children's hospices firmly at the bottom of the league tables of UK children's hospices in terms of statutory funding and work is ongoing to inform Phase 3 of the review.

Across the Charity, funding of our ever-increasing care costs has been our primary focus throughout the year. Against the backdrop of intense cost pressures, particularly within salaries and utilities, and the resulting potential of falling donations, it felt like a perfect storm for the Charity heading into the 2022/23 financial year. Due to a combination of measures, including rigorous cost containment and diligent fundraising, highlights of which were our 'When life is short, time is precious' match-funding appeal, the successful return of our flagship 'Chefs Night Out' event, last held in 2019, and fantastic support from our corporate partners. I am pleased to report that we ended the year with a surplus of £276k (before investment losses) against a budgeted deficit of £1.4m (revised at half year), and ahead of the previous year's £1.1m deficit before £935k of Covid funding. Prior to investment losses and Covid funding, 2022/23 therefore represented our best results since 2017/18.

I am incredibly proud of, and grateful to, my colleagues and our volunteers for their commitment and dedication to our purpose. However, as ever, we could not have been there without the generous support of the public in Wales, which is particularly appreciated at a time when everyone was – and continues to be - faced with very difficult economic conditions. Through fundraising, challenges and events, playing the Crackerjackpot lottery, donating to, or buying goods from our retail shops, making regular donations or remembering the Charity in their wills, our supporters enabled us to continue to provide our services both in the hospice and across Wales. There is always more to do, and our fantastic corporate supporters, donors and grant funders have enabled us to innovate and invest in continuous improvement. 2023/24 will be a year of building back, as we invest in resources and projects to help us to establish sustainable income sources, and to place us in a strong position when economic conditions return to a more favourable and positive state.

Until then, on behalf of the children and families we support, all of whom face the ultimate unimaginable challenge, thank you for whatever part you played, or continue to play, and for considering us when you are choosing a charity to support. We look forward to our 25th anniversary next year, and to the next quarter of a century, with renewed resolve and commitment to being there for every child and family who needs us.

Thank you for your support. We could not do what we do without you.

Maria Timon Samra
Chief Executive

Tŷ Hafan – being there

Tŷ Hafan offers specialist care and support for children and young people living with life-shortening conditions and their families in Wales. As the children and young people referred to our service are not expected to live beyond 18 years of age, we focus all we do on ensuring a short life is a full life. The care and support provided by Tŷ Hafan continues through bereavement and beyond. Put simply, we are always there.

Tŷ Hafan's multi-disciplinary care services team includes a consultant, specialist nurses, therapists, family support and play professionals. They work in collaboration with GPs and medical experts to deliver child and family focused palliative care and support.

Our service provides seamless support that flows across organisational and geographical boundaries. The Tŷ Hafan hospice in Sully offers a tranquil stay for families and features bespoke medical equipment, a specialist playground, sensory aids and a hydrotherapy pool. We also increasingly offer our services in the home and in the community, reflecting a greater focus on family wellbeing and outreach services.

As the needs of children and families change over time, we re-shape our care and support striving to make it available for families when and where it is needed most. Our care is always holistic, focusing on physical, emotional, social, and spiritual needs.

As a charity we support children and young people with a diverse range of conditions which include severe cerebral palsy, cancer, neuro-muscular conditions and many rare genetic conditions. Some of the children we care for have been diagnosed at, or before birth, some in early childhood, whilst others receive no diagnosis and live with unpredictable health over an extended period with an uncertain prognosis. Wherever and however our services are provided, they are available completely free of charge to children and their families.

Families live each day with the reality of knowing their child may die young. Our unique understanding of how this impacts every part of their life shapes the care we provide. In all cases, this is tailored and heartfelt, and designed to meet the individual needs of a child and family. This means that throughout our journey with the child and their family we help them make the most of every moment, enabling them to focus on living whilst acknowledging dying.

Such long periods of illness and extended uncertainty inevitably place a huge strain on family life, so our support is inclusive, encompassing the wider family including parents and siblings. When the time comes, our support continues after the death of a child, and we are there for bereaved families for as long as they need us.

Quite simply, Tŷ Hafan provides support that would not be available to children with life-shortening conditions and their families in Wales from anywhere else.

Care at Tŷ Hafan's hospice

While we have prioritised residential care for children and families with the greatest need and for children at the very end of life, we continue to extend our hospice based play and therapy services to families on a day care and drop in basis throughout 2022/23. Our newly refurbished 'Den', a bespoke area for adolescents, has provided both indoor and outdoor opportunities for young people to come together and access peer group support as well as emotional, practical and clinical advice.

Throughout 2022/23 the impact of the Covid-19 pandemic has continued to place significant challenges on the delivery of care services. Our nursing teams continued to work in PPE, in order to provide confidence to families still feeling anxious and uncertain. Staffing resource has also remained a challenge with the recruitment of skilled paediatric nurses being particularly problematic, resulting in the hospice only able to staff five of the available beds. This meant that a return to the provision of short break stays remained challenging. Often referred to as respite care, this is a vital lifeline for families, enabling them to step away from the 'round the clock' caring responsibilities, secure in the knowledge that trusted help and support is nearby. For some families this allows them time to focus on themselves or other siblings, perhaps to enjoy activities that are too difficult to arrange or participate in with a child who is dependent on help and support.

Care at or closer to home

An increased focus on family and wellbeing services is reflected in the expansion of the scope and diversity of services delivered at home or closer to home. Through talking with families, we have come to understand how shorter and more local interventions, delivered more frequently, can make a big difference.

The majority of children living with life-shortening conditions live their lives in their local communities. By extending our services into homes and communities, families can receive care and support in a more adaptable manner. Local services tend to be more accessible, causing less disruption to the family's daily routine, and assist the whole family to be involved.

Families can select from a range of services that includes in person visits at home or accessing services in community hubs and events across our geography, ranging from Chepstow to Caerphilly to Haverfordwest.

Our 'stay and play' hubs offer meaningful play and engaging activities for children closer to home. Staffed by our experienced play and therapies team they provide a time for enjoyment and diversion within an environment that encourages them to share experiences alongside other children. For parents, it is an opportunity to seek peer support, learn from one another, and exchange experiences. Moreover, it provides a dedicated period to focus on their own wellbeing, allowing access to complementary therapies and family support services.

Care in hospitals

The children we help receive care and support across various settings. We collaborate to ensure our services integrate with hospitals and organisations, to complement the services they offer.

When a child with a life-shortening condition is admitted to hospital, it usually means the child has become more unstable, or a sudden deterioration has occurred. Tŷ Hafan's services work with hospital-based care teams, enhancing the support and providing families a trusted and familiar point of contact at a time when life may feel out of control. In the final days and weeks, our teams will be alongside the family, exploring their wishes for end-of-life care, including arranging a transfer to the hospice if the child, young person or family prefers.

Fostering connections and strengthening self-support

Tŷ Hafan creates a feeling of community that ensures families feel more supported through shared experiences. Many of the families that we support live with the fact that their child's condition is so rare that few other families can understand what this feels

like. One way of achieving this has been through a network of 'closed' Facebook groups – an online community of people learning from each other, accessing information, and providing mutual support when things feel tough. This vital service is available for mums, dads, siblings, and our 'squad' of older young people who no longer access Tŷ Hafan's residential services but want to stay in touch with their friends.

Emotional support around the clock

Caring for a child with a life-shortening condition is exhausting for families who have little time to rest while fulfilling their role as parent carers with skill and expertise. Our skilled family support team, comprising of family support workers and family support practitioners, is available around the clock, every day of the year. They provide support in family homes, over the telephone, via video enabled technology, and through one-to-one sessions at the hospice and in local communities. When coping feels over-whelming, they are often the team that identifies the need for additional support.

Support for siblings

The siblings of children with life-shortening conditions face unique challenges themselves. Tŷ Hafan offers specialist support that recognises the impact of this, the impact on their own childhood, a sense of isolation and loss. We help provide them with opportunities to understand and express their thoughts and feelings as well as develop mechanisms to help them cope and thrive. Sibling support is age appropriate and flexes to meet needs over a lifetime of support. Support is offered at the hospice and closer to home on a one to one basis as well as groups. We help these children enjoy their time with their parents and siblings, devote time to their own wellbeing, and cope with bereavement and beyond.

Practical support

Studies show that the families we meet are more likely to face financial difficulties and find it difficult to access additional support. The role of Tŷ Hafan in signposting and advocating for families in this context is crucial. We use our voice whenever and wherever it is needed to enable the challenges experienced by families to be better understood, and to help identify solutions to make these unfairly difficult lives a little easier. We have also established a hardship fund during 2022/23 to provide financial support to families impacted by the cost-of-living crisis.

Transitional care and support

When a young person expected to die in childhood approaches their 18th birthday, there will be cause for celebration, but this is often accompanied by anxiety as they begin the transition from children's services to adult services. Some families describe this time as a 'cliff edge' as they move away from all that is familiar and need to form new relationships with adult services. Tŷ Hafan provides a range of individualised services to make this experience less daunting. A paediatric palliative care consultant and a specialist nurse work across organisational boundaries in collaboration with adult hospices and other specialist teams so that the young person and their family feel safe and supported. Recognising the need for young people to have social opportunities to engage with peers is another important focus for transition support. The team facilitates a number of social events for these young people and for their parents who are also learning to navigate new relationships with their adult children.

Bereavement care

Tŷ Hafan continues to provide support for families after bereavement. At this point our focus turns to supporting families with the unfamiliar experience of bereavement and with the immediate practical decisions they need to make. This support is designed with the individual needs of families in mind, but also includes opportunities for families to

come together to remember their children through dedicated events and remembrance services. Bereavement is experienced uniquely, and we are here for families for as long as they need us. Families are always welcome back to the hospice, where children are remembered in memorial services and our memorial pebble garden.

Key facts

Number of families supported: (including young people 18+):	344
Total family member beneficiaries:	1,400
Number of bereaved families supported:	268
Number of crisis respite nights provided:	1,168
Number of end-of-life care and symptom management stays provided:	199
Number of community interventions:	8,131

Public benefit, vision, purpose and strategic objectives

Having taken Charity Commission guidance into consideration, the board is confident that our Charity meets the public benefit requirements outlined the Charity Act 2011, and that our activities are consistent with our aims and objectives.

We believe that the Charity's vision, mission and strategic objectives enable us to meet the public benefit requirements by delivering a broad range of services free of charge to our beneficiaries.

Vision

A Wales where every child with a life-shortening condition lives a fulfilling life, supported with the compassion and specialist care they and their family need.

Purpose

No family should have to face the unimaginable loss of their child alone. With children and families at the heart of all we do, we provide free care and support in our hospice and in the community, offering a lifeline throughout the child's short life, at end of life, through bereavement and beyond.

Strategic objectives

Tŷ Hafan's strategy has four core goals: develop our services, expand the reach of the Charity, build resilience within the organisation, and invest in our people. Across all of our goals we are committed to demonstrating openness and transparency.

Objectives:

- To support the identification of all children with life-shortening conditions in Wales who may die in childhood and, in cooperation with others, offer them and their families, needs-assessed palliative care and support.
- To ensure best practice in the delivery of a range of unique, high quality and complementary bespoke care services to children and their families.
- To provide sustainable funding to support the provision of care, now and in the future, and ensure the effective and efficient use of resources.
- Aim to position Tŷ Hafan as the primary authority leading collaborative efforts to facilitate the development of paediatric palliative care in Wales, and as the most recognised charity in Wales.
- To attract, retain, engage, and nurture the best people to achieve the Charity's objectives.
- To demonstrate transparency and openness in all activities.

Fundraising

The financial year 2022/23 continued to be challenging for fundraising activities, but our amazing supporters continued to show how much they care about the children and families who need Tŷ Hafan's support, with incredible generosity.

In 2022/23 we received just 11% of our funding from government sources, and raised the remaining funds (£8.7 million) through voluntary fundraising activity. We are extremely grateful to all of our supporters who continued to show such generosity during another challenging year.

The first half of the year remained challenging for fundraising events still being affected by the impact of the Coronavirus pandemic. However, fundraising events saw a revival in the second half of the year, with significant success through our Christmas concert at St David's Hall with Treorchy Male Choir and Callum Scott-Howells.

2022/23 saw the return of one of our flagship fundraising events, Chefs Night Out. This was the first time the event had been held since 2019, as a result of the pandemic, and raised more than £240,000 taking the total raised from the event since its inception to over £1 million. We are extremely grateful to David Loosemore and Huw Edwards, whose dedication to this event has resulted in such a phenomenal amount being raised.

We continued to see incredible fundraising efforts from the families we have supported, and in July 2022 a team of eight dads took on the 10nTaff Challenge, climbing the ten mountains in Wales followed by cycling the 52 mile Taff Trail from Brecon to Cardiff, all within 55 hours and raising over £40,000 in the process.

Legacy donations from people who remember us with a gift in their will remained high in 2022/23, following significant growth in the previous year. This remains a poignant and important source of funds for Tŷ Hafan, covering the cost of around 35% of our care.

Individual supporters continued to help us by making one-off gifts or giving monthly and this remains a crucial and stable part of our fundraising activities. For the first time, we ran a time-limited match funding appeal in November 2023, raising over £344,000 through the 60-hour appeal.

Fundraising from businesses saw significant growth for Tŷ Hafan in 2022/23, with significant donations and fundraising activities from a range of sectors. We continue to focus on building mutually beneficial relationships with businesses – their support is vital in helping us to deliver our mission, but we also aim to play a key role in helping businesses to meet their strategic objectives, too.

Fundraising from community groups, organisations and institutions showed good signs of recovery in 2022/23 and we received support from friends groups, schools, universities and community groups all across south Wales, as well as from individuals organising their own fundraising activities.

Income from trusts and foundations saw significant growth in 2022-23, with greater focus on securing multi-year funding for key projects.

Financial support from our donors was supported by Tŷ Hafan's commercial activities, which play an important role in enabling the Charity to retain diversified income sources. The Crackerjackpot lottery, wholly owned by Tŷ Hafan, generates a reliable and sustainable source of income for us. Tŷ Hafan's shops allow the Charity to reach across

Wales and both raise funds and increase awareness in the local communities that we serve of the services that we deliver.

Fundraising practices

Tŷ Hafan is registered with the Fundraising Regulator and is committed to the Fundraising Promise and adherence to the Fundraising Code of Practice.

In the course of fundraising, we will inevitably come into contact with people who may be in vulnerable circumstances, including the families of the children we support. Our Ethical Fundraising Policy outlines our commitment to engage carefully and sensitively with vulnerable people.

In 2022/23 we did not pay third party professional fundraisers to generate funds, but did receive funds from local and national corporate partners who provided charitable contributions to us from the sale of their goods or services. For all of these partners, commercial participator agreements were in place.

We are continually looking for ways to improve Tŷ Hafan's fundraising practices and ensure we maintain high standards for fundraising at all times. Listening to and learning from complaints about fundraising is a crucial part of this process. In 2022/23 we received one complaint directly related to our fundraising activities, and two related to retail, all of which were resolved. We were not subject to any complaint investigations through the Fundraising Regulator. We provide details of how to contact us, including our complaints policy and procedure on our website.

Our people

The ability to provide our services relies on the extensive skills, expertise, and commitment of our people: employees and volunteers.

Employees

Tŷ Hafan employs over 190 staff with a broad range of skills experience to enable us both deliver care to our service users and fundraise for our income. Roles in the organisation range from nurse to shop manager, from lottery administrator to play therapist, community fundraiser to health care support worker. These clinical, health and social care specialists, fundraisers and retail professionals are supported in their work by a network of IT, HR, facilities, and finance specialists with the one aim of delivering the best possible care and support to children with life-shortening conditions and their families in Wales.

To ensure that we meet this goal we continue to implement plans to attract, retain, engage, and nurture the best people to deliver the Charity's objectives. Alongside statutory care training and personal development training, this year we implemented new training and development programmes, including a management and development programme, to continue to enable employees to fulfil their potential.

In 2022/23, we also introduced our culture change project and engaged all staff in redefining our new values and informing a culture change action plan. We also held our first onsite conference providing an opportunity for colleagues to come together in person after the pandemic.

The post pandemic recruitment market, in addition to the national shortage of paediatric nurses, created workforce challenges across the Charity. However, despite this we welcomed new colleagues and promoted talented colleagues from within.

We continued to develop our wellbeing support for colleagues and implemented a range of initiatives and mechanisms including support for the cost-of-living crisis, and women's health.

Equality, diversity and inclusion

Tŷ Hafan is committed to encouraging equality, diversity and inclusion among its workforce, and eliminating harassment, victimisation and unlawful discrimination. Our aim is to create a supportive and inclusive environment where all colleagues can reach their full potential, where respect and understanding is fostered, and the diversity of people's backgrounds and circumstances is positively recognised and valued.

Volunteers

The dedication and hard work of our volunteers is essential in ensuring that Tŷ Hafan can deliver care and support our beneficiaries. Volunteer roles at the Charity are many and varied, each as meaningful and important as the next. They include providing play and therapies for the children, tending the extensive gardens at the hospice, assisting in our shops, providing specialist and administrative support, promoting awareness, and helping with fundraising activities.

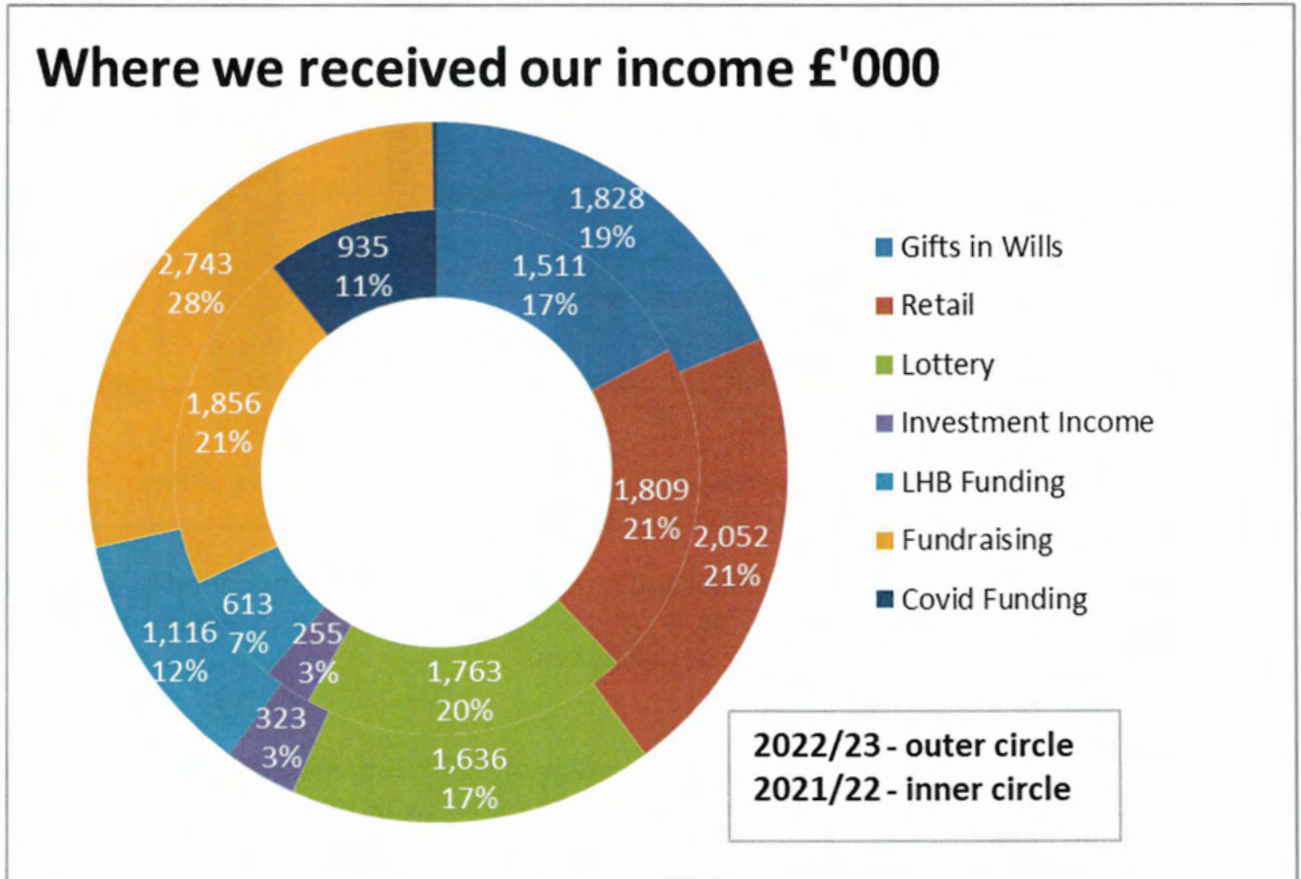
The wide variety of ways in which Tŷ Hafan has been supported by volunteers cannot be captured fully in this report. However, their work is invaluable in supporting children with life-shortening conditions and their families.

Financial review and results for the year

Results for the year ended 31 March 2023 are shown in the Consolidated Statement of Financial Activities on page 30. This shows the financial results for Tŷ Hafan and its trading subsidiaries, Tŷ Hafan Trading Limited and Crackerjackpot Limited, which both donate their profits to the Charity.

Income

Total income received in 2022/23 was £9,722,442 (2021/22 £8,741,164). This represents an 11% increase from the previous year.

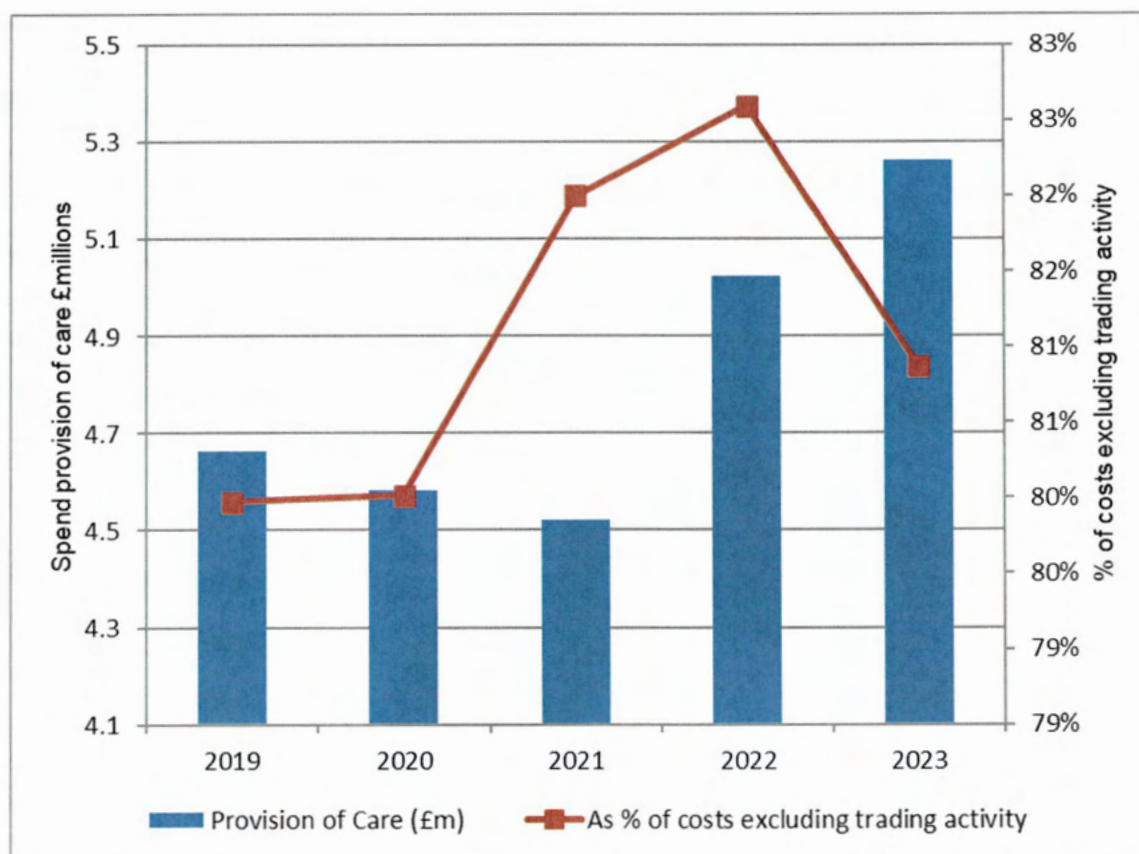


We saw growth in most areas of income generation which helped to compensate for the end of our Covid funding from the government (£935k received in 2021/22). In particular, our fundraising income increased by almost 50% thanks to the tremendous support we received from our donors in the local community and corporate sector.

Expenditure

Total expenditure in 2022/23 increased by £522,693 (+6%) to £9,446,725 (2021/22 £8,924,032). The highest increase in spend was in the provision of care of £238,453 (+5%) due to an uplift in services provided at the hospice and in the community and the impact of cost-of-living increase on our staff costs.

Five year expenditure on charitable activities



Excluding our trading activity in retail and lottery, 81 pence of every pound of expenditure is spent on charitable activity. This is in line with our objective to ensure more of our donations are used directly on our beneficiaries.

Cashflow

Overall, in 2022/23 there was a net cash inflow of £524,395, increasing the cash held to £1,309,343 as at 31 March 2023. There were no withdrawals from the investment portfolio during the year.

Reserves

The board considers the maintenance of unrestricted reserves as an essential safeguard to mitigate the risks faced by the Charity and their potential impact on income and planned expenditure. The Charity has a responsibility to give confidence to its beneficiaries that we can provide our services even during times of economic uncertainty.

The board has established the level of reserves using the methodology outlined in the Charity Commission guidance and has considered the level of required reserves based on the assets used in the Charity and the risks to the Charity and likelihood of an event occurring.

The reserves policy is reviewed and agreed each year by the board.

The Charity's reserves are detailed in note 22 and 23 of the accounts.

At 31 March 2023, the Charity held £9,750,718 in unrestricted free reserves (2022: £10,789,789). The reserves were broken down as follow:

	31/03/2023	31/03/2022
Net Assets	£18,796,758	£19,147,961
Less Designated Reserves	(£8,232,755)	(£7,480,427)
Less Restricted Reserves	(£813,285)	(£877,745)
Unrestricted Free Reserves	£9,750,718	£10,789,789

Unrestricted free reserves have decreased by £1,039,071 (-10%) during the year. Designated reserves have been increased by £752,328 (+10%) and include an increased provision for future planned deficits and an allowance for major capital projects if no funding is available. Designated reserves also include the net book value of property owned by Tŷ Hafan.

Going concern

The Charity's financial position and performance has been outlined in the financial review above. The board has assessed projected future income, expenditure and cash flows, and analysed the strength of the Charity's reserves, liquid assets and its ability to withstand a material fall in income. Consideration has been given to the stability and diversity of various income streams in making this assessment and the challenges currently faced by the Charity due to the pandemic.

The board has concluded that there is a reasonable expectation that Tŷ Hafan and its trading subsidiaries, Tŷ Hafan Trading Limited and Crackerjackpot Limited, have adequate resources to continue activities for the foreseeable future. Therefore, they have continued to adopt the going concern basis in preparing the financial statements.

Approach to financial investments

Decisions about the investment strategy and policy are governed by the finance with governance committee and approved by the board. The investment policy is reviewed annually by the board.

Tŷ Hafan's investment portfolio is managed by investment managers according to the board's instructions. The investment strategy is formally reviewed with our investment managers and finance with governance committee annually and more frequently when considered necessary.

Tŷ Hafan's investment risk appetite for its investment portfolio is consistent with a strategy of seeking to preserve and generate longer term capital growth and income ahead of the rate of inflation in order to grow the free reserves of the Charity. Tŷ Hafan does not depend on investment returns to fund its short-term operational requirements and is, therefore, able to tolerate short to medium term volatility of its investment portfolio.

The total value of the investment portfolio as at 31 March 2023 was £12,476,891 (2022: £12,837,993) representing an overall decrease in value for the year of £361,102 (-3%, 2022: +2%).

During the year, there was no cash withdrawal from the portfolio (2022: £500,000).

The board recognises it has a responsibility to consider any ethical implications of its investments. This could lead to conflicting objectives between delivering the targeted returns and excluding certain investments that go against Tŷ Hafan's ethos and purpose.

It is, therefore, Tŷ Hafan's policy to use a negative screening approach avoiding investment in companies or sectors undertaking a particular activity or operating in a way which may be harmful to Tŷ Hafan's interests. This is reviewed annually alongside the investment policy review.

Structure, governance and management

Tŷ Hafan is a registered charitable company limited by guarantee, which operates an independent hospital and runs a lottery. It is subject to company law, charity law, trust law and bound by legislation governing the safe delivery of healthcare. As a result of its activities, Tŷ Hafan is accountable to a range of regulators:

- the Charity Commission
- Healthcare Inspectorate Wales (HIW)
- the Fundraising Regulator
- the Gambling Commission
- Healthcare Inspectorate Wales (HIW)

We're also registered with government departments e.g., HMRC, Companies House, local authority services and other bodies, e.g., ICO, usually governed by self-assessment of compliance with regulations and/or filing annual returns.

The board of directors is legally responsible for financial probity, legal and regulatory compliance, and the Charity's registration as a private voluntary hospital under the Independent Healthcare (Wales) Regulations 2011.

The board, as the accountable body, governs Tŷ Hafan through its constitution. Tŷ Hafan's Articles of Association, Scheme of Governance (including Standing Orders, Matters Reserved for Board, and Scheme of Delegation) and Statement of Purpose form the Charity's governance framework for implementing the Charity's strategic objectives, monitoring progress, and managing the Charity's activities effectively, honestly, prudently, safely, transparently, and without personal gain.

Trustee recruitment and development

A code of conduct ensures trustees continue to act within their designated authority to deliver the Charity's objectives for the long-term benefit of the Charity's beneficiaries. They are obligated to fulfil their duties, both individually and collectively, in alignment with the Charity's constitution and charity law.

In line with best practice and the Charity Governance Code, the board continuously seeks to augment the diversity of its skillset through a continuous succession plan. Trustees are subject to a rigorous interview process, probationary period, due diligence checks and induction to ensure they become effective members of the board, working in the best interest of the Charity. Trustees play an engaged role, volunteering their time and support freely. They contribute the benefit of their professional expertise, and collaborate to protect and develop the Charity in a heavily regulated environment.

Trustees are eligible to serve a maximum tenure of eight years and can be proposed for re-election upon completion of their initial four-year term. The board and senior executives of Tŷ Hafan are outlined in the 'reference and administrative details' section of the accounts.

Delegation

Specific authority is delegated to the chairman, committees, and the chief executive, however, the board retains ultimate accountability for the Charity's operations, financial integrity, adherence to legal and regulatory standards, and its independent hospital registration.

Setting the Charity's long-term objectives, the board entrusts the chief executive, responsible for operational functions, with translating these goals into a strategic framework and a business plan to be executed by the executive team.

The board oversees the Charity's management and convenes regularly to receive reports from its committees, executive directors, and the board's officers.

Committees

The board benefits from the support of four standing committees, and various ad hoc committees, with specific remits to scrutinise the management of the Charity's operations. Each committee comprises a chair and members selected by the nominations committee, and executive directors act as advisors to the board. The standing committees are:

- Clinical governance committee, upholding excellence in clinical care by monitoring the quality of safeguarding and care service delivery.
- Finance with governance committee examines financial, fiduciary and investment matters, as well as the Charity's governance arrangements.
- Directorate and operations committee, which considers operational management and fundraising activity.
- Remuneration committee reviews issues relating to staff financial compensation, and terms, conditions and benefits.

The nominations committee convenes as necessary to ensure the establishment of an efficient board responsible for governing the Charity with financial integrity and transparency. This committee scrutinises the composition and performance of the board, oversees rigorous recruitment and succession strategies, and verifies the board's adherence to the Charity's governing documents and policy framework.

Pay structure

Ensuring fairness and equity in pay, the board maintains a transparent process for setting salaries within the Charity, considering affordability, economic indicators, and competitiveness. This involves an annual review that benchmarks each paid role within the Charity against similar positions in comparable organisations. Recommendations for annual pay awards are evaluated by the remuneration committee and, if endorsed, require approval from the board. Remuneration for the executive team, including the chief executive, is reviewed separately and approved by the board.

Subsidiary companies

As disclosed in note 16 to the financial statements, Tŷ Hafan owns two subsidiaries, Tŷ Hafan Trading Limited and Crackerjackpot Limited, which are independently governed and gift surplus funds to the Charity.

Managing risk and uncertainties

Tŷ Hafan undertakes a wide range of activities, which includes the provision of specialist paediatric palliative care within a hospice environment, operating a chain of retail shops, organising fundraising and marketing activity, and delivering mass participation events activities, as well as delivering regulated gambling through the Charity's subsidiary, Crackerjackpot.

The extensive scope of these activities necessitates a comprehensive and methodical approach to risk and uncertainty to protect the Charity's people and resources while effectively achieving its charitable objectives.

Tŷ Hafan's risk management framework, as part of our risk management policy, is central to Tŷ Hafan's Scheme of Governance and is based upon the principles of BSI ISO 31000 and COSO Enterprise Risk Management framework. The aim is to integrate the risk management policy in the Charity's business planning processes enabling trustees to comply with the regulatory requirement to publicly account for the effectiveness of the Charity's risk management processes.

Process of risk management

The executive team and risk management group routinely scrutinise the corporate risk register to verify the presence of adequate control measures for identified risk. Each risk is accompanied by recommended actions, designated to an owner with the aim of reducing the likelihood of its occurrence or mitigating its potential consequences. These recommendations undergo scrutiny by relevant committees and are subsequently presented to the board for approval at least on a six-monthly basis.

Risk mitigation measures are central to the Charity's business plan while addressing external factors such as economic, environmental and geopolitical crises. This involves continuous assessment and adoption of additional management controls while reinforcing the Charity's governance structure. Below are the primary strategic risks to delivering the business plan, each capable of adversely affecting the Charity's reputation – experienced across wider charitable sectors:

- challenging economic conditions impacting financial resilience and sustainability
- inability to achieve contribution targets due to the cost-of-living crisis and poor fundraising performance/resource capacity
- staff shortages impacting the Charity's ability to continue providing charitable services.

The board is satisfied that risk management is regularly assessed to ensure that actions and controls are effective and ensure that the Charity remains compliant and works to best practice in caring for children and their families.

Tŷ Hafan is not aware of any principal uncertainties as at 31 March 2023, nor in the period before signing the annual report and accounts.

Reference and administrative details

Registered Company Number	3077406
Registered Charity Number	1047912
Registered Office	Tŷ Hafan, Hayes Road, Sully, CF64 5XX
Auditors	Bevan Buckland LLP, Swansea
Principal Solicitors	Hutchinson Thomas, Swansea
Principal Bankers	HSBC Plc, Cardiff, Barclays Bank, Cardiff
Investment Managers	Brewin Dolphin Investment Managers

The Board

The following were appointed during the period or are currently registered as non-executive directors and trustees:

Martin Davies	Chairman of the board
Dr Keith Holgate	Deputy chair of the board
Susan Cooper	Appointed 3 February 2023
John Hoskinson	Appointed 30 June 2022
Dr Helen Matthews	
Mick McGuire	
James Pepper	
Matt Sinnott	Appointed 2 August 2023
Sian Thomas	
Suzanne Carter	Resigned 20 January 2023
Elizabeth Thomas	Resigned 6 March 2023
Cathrine Grubb	Resigned 12 June 2023
Dr Huw Jenkins	Resigned 31 August 2023

Executive directors

The following were in post during the period:

Maria Timon Samra	Chief executive
Jason Foster	Director of finance
Tracy Jones	Director of family wellbeing and partnerships
Jenna Lewis	Director of income generation
Sian Middleton	Director of nursing and clinical services
John Mladenovic	Director of marketing & communications and lottery
Zoe Tippins	Director of people services

Trustees' responsibilities in relation to the financial statements

The trustees (who are also the directors of Tŷ Hafan for the purposes of company law) are responsible for preparing the trustees' annual report and financial statements in accordance applicable law and United Kingdom accounting standards (United Kingdom Accepted Accounting Practice).

Company law requires the charity trustees to prepare financial statements for each year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing the financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORPS
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue to operate.

The trustees are responsible for keeping adequate accounting records that disclose, with reasonable accuracy at any time, the financial position of the charitable company and to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the charitable company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information (as defined by Section 418 of the Companies Act 2006), of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make them aware of any relevant audit information and to establish that the auditor is aware of that information.

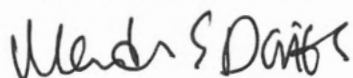
The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

The auditors, Bevan Buckland LLP, will be proposed for reappointment at the forthcoming general meeting.

Approval

This report was approved by the trustees as members of the charitable company on 29 November 2023 and was signed on their behalf by:



Martin Davies
Trustee and Chairman of the Board
Date 18 December 2023

Independent auditor's report to the members and trustees of Tŷ Hafan

Opinion

We have audited the financial statements of Tŷ Hafan (the 'parent charitable company') and its subsidiaries ('the group') for the year ended 31 March 2023 which comprises the consolidated statement of financial activities, the Consolidated and Parent Charitable Company balance sheets, the Group statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2023 and of the group's profit for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that individually or collectively, may cast significant doubt on the Group's and the parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorized for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent charitable company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of trustees' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the Group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

We design procedures in line with our responsibilities outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, and then, design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

We discussed our audit independence complying with the Revised Ethical Standard 2019 with the engagement team members whilst planning the audit and continually monitored our independence throughout the process.

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

Enquiring of management, including obtaining and reviewing supporting documentation, concerning the Group's and parent charitable company's policies and procedures relating to:

- identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance
- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud
- Internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations

Discussing among the engagement team how and where fraud might occur in the Financial Statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the following areas.

Obtaining an understanding of the legal and regulatory frameworks that the Group and parent charitable company operates in, focusing on those laws and regulations that had a direct effect on the Financial Statements or that had a fundamental effect on the operations of the Group and parent charitable company, the key laws and regulations we considered in this context included the UK Companies Act and relevant tax legislation.

Audit response to risks identified

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations
- enquiring of management concerning actual and potential litigation and claims; performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments
- assessing whether the judgements made in making accounting estimates are indicative of a potential bias
- evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Alison Vickers (Senior Statutory Auditor)
For and on behalf of Bevan Buckland LLP, Statutory Auditor
Ground Floor
Cardigan House
Castle Court
Swansea Enterprise Park
Swansea
SA7 9LA

Date: 18 December 2023

Tŷ Hafan
Consolidated Statement of Financial Activities
(Incorporating the Consolidated Income and Expenditure Account)
for the year ended 31 March 2023

		Unrestricted Funds	Restricted Funds	Total Funds 2023	Total Funds 2022
	Note	£	£	£	£
Income from:					
Donations and Legacies	2	4,382,330	211,799	4,594,129	4,302,032
Charitable Activities					
- Provision of Care	3	1,116,442	-	1,116,442	613,139
Other Trading Activities	4	3,688,869	-	3,688,869	3,571,190
Investments and other income	5	323,002	-	323,002	254,803
Total income		9,510,643	211,799	9,722,442	8,741,164
Expenditure on:					
- Trading Activities	6	2,940,120	-	2,940,120	2,842,034
Total income net of trading expenditure		6,570,523	211,799	6,782,322	5,899,130
Expenditure on:					
- Raising Funds	6	1,192,743	-	1,192,743	999,217
- Investment Management	6	52,176	-	52,176	59,548
Net income available for Charitable Activities		5,325,604	211,799	5,537,403	4,840,365
Charitable Activities					
- Provision of Care	7	4,993,544	268,142	5,261,686	5,023,233
Total Expenditure		9,178,583	268,142	9,446,725	8,924,032
Net income before gains/(losses) on investments		332,060	(56,343)	275,717	(182,868)
Net (losses)/gains on investments		(626,920)	-	(626,920)	612,293
Net Income / (Expenditure)		(294,860)	(56,343)	(351,203)	429,425
Gross transfers between funds	22	8,117	(8,117)	-	-
Net movement in funds		(286,743)	(64,460)	(351,203)	429,425
Reconciliation of Funds					
Funds balances brought forward	22	18,270,216	877,745	19,147,961	18,718,536
Fund balances carried forward	22	17,983,473	813,285	18,796,758	19,147,961

The consolidated statement of financial activities includes all gains and losses recognised in the year.
All incoming resources and resources expended derive from continuing activities.

Tŷ Hafan
Group and Charity Balance Sheet
At 31 March 2023

		2023		2022	
		£	£	£	£
	Note	Group	Charity	Group	Charity
Fixed assets					
Tangible Assets	15	5,828,607	5,828,607	6,050,979	6,050,979
Investments	16	12,476,891	12,486,892	12,837,993	12,847,994
		18,305,498	18,315,499	18,888,972	18,898,973
Current assets					
Stock	17	5,127	-	3,460	-
Debtors	18	1,007,400	1,153,283	840,541	1,167,132
Cash at bank		1,309,343	965,260	784,948	266,984
		2,321,870	2,118,543	1,628,949	1,434,116
Current liabilities					
Creditors: Amounts falling due within one year	19	(1,319,571)	(1,138,517)	(867,654)	(694,760)
Net current assets		1,002,299	980,026	761,295	739,356
Provisions for liabilities and charges	20	(511,039)	(511,039)	(502,306)	(502,306)
Net Assets		18,796,758	18,784,486	19,147,961	19,136,023
Funds					
Restricted	22	813,285	813,285	877,745	877,745
Unrestricted	22	17,983,473	17,971,201	18,270,216	18,258,278
		18,796,758	18,784,486	19,147,961	19,136,023

The financial statements were approved by the Board of Directors on 29 November 2023 and were signed on its behalf by:



Martin Davies
Trustee and Chairman of the Board

Registered Company Number: 3077406

Tŷ Hafan
Group Statement of Cash Flows
for the year ended 31 March 2023

	Note	2023 £	2022 £
Net cash provided by (used in) operating activities	24	<u>735,191</u>	<u>680,792</u>
Cash flows from investing activities:			
Deposit Interest received	5	7	25
Payments to acquire tangible fixed assets	15	(210,803)	(645,410)
Transfer of cash held from investments		-	500,000
Net cash provided by (used in) investing activities		<u>(210,796)</u>	<u>(145,385)</u>
Change in cash and cash equivalents in the reporting period		<u>524,395</u>	<u>535,407</u>
Cash and cash equivalents at the beginning of the year		784,948	249,541
Cash and cash equivalents at the end of the year		<u><u>1,309,343</u></u>	<u><u>784,948</u></u>
Analysis of cash and cash equivalents		31 March 2023	31 March 2022
		£	£
Cash at bank and in hand		<u>1,309,343</u>	<u>784,948</u>
Total cash and cash equivalents		<u><u>1,309,343</u></u>	<u><u>784,948</u></u>
Analysis of changes in net debt	31 March 2022	Cash flow	31 March 2023
	£	£	£
Cash	<u>784,948</u>	<u>524,395</u>	<u>1,309,343</u>
Total	<u><u>784,948</u></u>	<u><u>524,395</u></u>	<u><u>1,309,343</u></u>

I. ACCOUNTING POLICIES

Basis of preparation

The financial statements of the Charitable Company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention or transaction value unless otherwise stated in the relevant accounting policy note(s).

The Charitable Company's functional and presentational currency is the pound sterling (£), and balances are rounded to the nearest £1.

Preparation of the accounts on a going concern basis

At the time of approving the accounts, the Trustees have a reasonable expectation that the Charity, and the Group, have adequate resources to continue in operational existence for the foreseeable future. The Trustees have reviewed the reserves policy which supports the long-term business plan of the Charity. Thus, the trustees continue to adopt the going concern basis of accounting in preparing the accounts.

Basis of consolidation

The group financial statements consolidate those of Tŷ Hafan and its subsidiary undertakings, Tŷ Hafan Trading Limited and Crackerjackpot Limited (see note 16), made up to 31 March 2023, on a line by line basis.

The consolidated entity is known as the 'Group'. Accounting policies specific to the Charitable Company or group in total are laid out below.

No separate company Statement of Financial Activities (SOFA) has been prepared for the Charitable Company as permitted by Section 408 of the Companies Act 2006.

Incoming resources

Income is recognised when the Charitable Company has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measure reliably. It is derived from the activities outlined below.

Donations and similar incoming resources are recognised when they are received. Where refundable income is received in respect of a specified event or project, the income is deferred until completion of that event or project.

I. ACCOUNTING POLICIES (continued)

Pecuniary and residuary legacies are recognised on a case by case basis following the granting of probate and when the administrator/executor for the estate has communicated in writing the amount and of the legacy. In the event that the legacy is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value for the legacy being reliably measurable with a degree of reasonable accuracy and the title to the asset being transferred to the Charitable Company. Reversionary legacies are not recognised during the lifetime of the original beneficiary under the will. An estimate of the total number and value of all open legacy cases which do not meet the above conditions, but to which the Charitable Company may be entitled is disclosed within the notes to the accounts.

Donated goods capitalised as tangible fixed assets are included as 'Income from Donations and Legacies' at their market value at the time of receipt.

Gift Aid receivable is included in income when there is a valid declaration from the donor.

Grants (including government grants) which are received to fund specific purposes are recognised as restricted incoming resources in the year in which the Charitable Company is entitled to the funds. Revenue grants are credited as incoming resources when they are receivable, provided conditions for receipt have been complied with.

There are no unfulfilled conditions attached to the above grants received.

Fees receivable from Welsh Local Health Boards in respect of respite care are recognised on receipt.

The value of the goods donated for sale in the shops operated by the Charitable Company is recognised at the point of sale unless it is practicable for the goods to be measured at fair value on receipt. For these items the value is recognised as stock on the balance sheet and the released to the income statement when the item is sold.

The income for the weekly membership lottery is recognised when it is received except for money received in advance of the draw to which it relates, which is treated as deferred income.

Investment income comprises bank deposit interest and dividends and interest arising from discretionary investment activities. Investment income arising from discretionary investment activities is re-invested by the Investment Managers.

I. ACCOUNTING POLICIES (continued)

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following headings:

- Costs of raising funds; includes the direct costs of operating the Charitable Company's shops, membership lottery and appeals office together with an apportionment of head office costs to reflect the support provided to the fundraising operations. The direct costs of operating the Charitable Company's shops do not include any valuation of donated goods sold.
- Costs of charitable activities; includes the direct costs of operating care services together with an apportionment of head office costs to reflect the support provided to these activities.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Allocation of support and governance costs

Support costs are those functions that assist the work of the Charitable Company but do not directly undertake charitable activities. Support costs have been allocated between governance costs and other support costs. Governance costs comprise all costs involving the public accountability of the Charitable Company and its compliance with regulation and good practice. These costs include costs related to statutory audit and legal fees together with an apportionment of overhead and support costs.

The bases on which support costs have been allocated are set out in note 8.

Taxation

The charitable members of the group are exempt from income and corporation taxes on income and gains to the extent that they are applied for their charitable objects. The trading subsidiaries do not generally pay UK Corporation Tax because their policy is to pay taxable profits to the Charitable Company as gift aid.

Tangible fixed assets

All tangible fixed assets are included at cost less accumulated depreciation. Items of a capital nature costing less than £1,000 are not capitalised. There are no heritage assets.

At present there are no circumstances existing to suggest that an impairment review of the carrying value of fixed assets is required. This position is reviewed on an annual basis. Any impairment is recognised in the year in which it occurs.

I. ACCOUNTING POLICIES (continued)

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Hospice development and equipment	5%, 10% and 20% on cost
Freehold Land & Building	2% on cost
Shops and office equipment	20% on cost
Computer equipment	33% on cost
Fixtures and fittings	20% on cost
Motor Vehicles	25% reducing balance

Assets under construction are carried at cost and are not depreciated until they come into use.

Investments

Assets held for investment purposes are valued at fair value (their market value) at the balance sheet date, except for investments in trading subsidiaries, which are held at cost, as the trustees believe that the market value of the trading subsidiary is not materially different to its cost.

Realised gains and losses on investments are calculated as the difference between sales proceeds of these investments and their market value at the start of the year, or their subsequent costs, and are charged or credited to the statement of the financial activities in the period of disposal.

Unrealised gains and losses represent the movement in market values during the year and are credited or charged to the statement of financial activities based on the market value at the year-end.

Investments in Subsidiaries

Investment in subsidiary entities are held at cost less impairment.

Debtors

Debtors are recognised at the settlement amount due after any discount offered. Prepayments are valued at the amount prepaid net of any discounts due.

Stocks

Stocks represent purchased stock items only and are stated at the lower of cost and estimated net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks. Stock does not include goods donated for sale in the Group's charity shops unless it is practicable for the goods to be measured at fair value on receipt.

I. ACCOUNTING POLICIES (continued)

Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors and provisions

Creditors and provisions are recognised where the Charitable Company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably.

Financial instruments

The Charitable Company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Fund accounting policy

Unrestricted funds are those which are available for use at the discretion of the Board of Directors in furtherance of the general objectives of the Charitable Company and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charitable Company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes of the financial statements.

Designated funds are unrestricted funds of the Charitable Company, which the trustees have decided at their discretion to set aside to use for a specific purpose.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight-line basis over the period of the lease.

Pension costs

Contributions in respect of defined contribution pension schemes are charged to the statement of financial activities in the period in which they are payable.

The Charitable Company also participates in the NHS Pension Scheme, a defined benefit pension scheme, but it is unable to identify its share of the underlying assets and liabilities. The pension costs charged against net incoming resources are the contributions payable to the scheme in respect of the accounting period.

I. ACCOUNTING POLICIES (continued)

Critical accounting estimates and assumptions

The Charitable Company makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next year are addressed below:

(I) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimate useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimate, based on technological advancement, future investments, economic utilisation and the physical condition of the assets, see note 15 for the carrying amount of each class of asset held, and above for the useful economic lives for each class of assets.

(II) Impairment of debtors

The Charitable Company makes estimates of the recoverable value of debtors. When assessing the impairment of debtors, management consider factors including the current credit rating of the debtor, the ageing profile of debtors and historic experience. See note 18 for the net carrying amount of debtors and associated impairment provision.

(III) Provisions

Provision is made for the dilapidation on leasehold premises. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. (See note 20).

(IV) Income recognition of legacies

Residuary legacies have been recognised using a case by case basis when the amount receivable can be measured accurately following written confirmation from the estate executor/administrator. Management have accrued for a percentage of the legacy pipeline which is consistent with experience over the last four years.

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Notes to the Financial Statements - continued
for the year ended 31 March 2023

2. INCOME FROM DONATIONS AND LEGACIES

	Unrestricted Funds	Restricted Funds	Total Funds 2023	Total Funds 2022
	£	£	£	£
Donations, appeals and similar income	2,531,139	211,799	2,742,938	1,856,346
Legacies	1,827,540	-	1,827,540	1,510,896
Covid Funding	23,651	-	23,651	934,790
	<u>4,382,330</u>	<u>211,799</u>	<u>4,594,129</u>	<u>4,302,032</u>

During the year the following COVID-19 government support was received :

	2023	2022
	£	£
Job Retention Scheme	-	16,194
Hospice Emergency Funding	-	918,596
Covid Insurance Claim	23,651	-
	<u>23,651</u>	<u>934,790</u>

There are no unfulfilled conditions attached to the above grants received.

In accordance with the Charities SORP (FRS102) the Charitable Company accounts for legacies as receivable when conditions for entitlement have been met; and receipt of the income can be measured accurately. An external notification service is used to notify the Charitable Company of bequests and a system of monitoring ensures that the legacy is tracked until receipt.

At the year-end the Charitable Company had 74 (2022: 47) open legacy cases which had not met all of the above conditions. Should indicative amounts be received in respect of these legacies the Charity could benefit from a further £1,632,799 (2022 £969,599) in the future. In applying the requirements of the Charities SORP (FRS 102) in measuring income when it can be accurately measured, an accrual of £142,973 (2022: £82,619) has been included in the accounts for legacy bequests.

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Funds	Restricted Funds	Total Funds 2023	Total Funds 2022
	£	£	£	£
Local Health Authorities	1,068,890	-	1,068,890	565,984
Training	-	-	-	-
Public Funding	47,552	-	47,552	47,155
	<u>1,116,442</u>	<u>-</u>	<u>1,116,442</u>	<u>613,139</u>

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Notes to the Financial Statements - continued
for the year ended 31 March 2023

4. INCOME FROM OTHER TRADING ACTIVITIES

	Unrestricted Funds	Restricted Funds	Total Funds 2023	Total Funds 2022
	£	£	£	£
Retail activities	2,052,407	-	2,052,407	1,808,629
Membership lottery	<u>1,636,462</u>	<u>-</u>	<u>1,636,462</u>	<u>1,762,561</u>
	<u>3,688,869</u>	<u>-</u>	<u>3,688,869</u>	<u>3,571,190</u>

5. INVESTMENT AND OTHER INCOME

	Unrestricted Funds	Restricted Funds	Total Funds 2023	Total Funds 2022
	£	£	£	£
Listed investment Income	322,995	-	322,995	254,778
Interest Received	<u>7</u>	<u>-</u>	<u>7</u>	<u>25</u>
	<u>323,002</u>	<u>-</u>	<u>323,002</u>	<u>254,803</u>

6. EXPENDITURE ON RAISING FUNDS

	Unrestricted	Restricted	Total 2023	Total 2022
	£	£	£	£
Donations, appeals, legacies and similar income	1,192,743	-	1,192,743	999,217
Membership Lottery	890,255	-	890,255	992,153
Investment Management Costs	52,176	-	52,176	59,548
Retail Expenditure	<u>2,049,865</u>	<u>-</u>	<u>2,049,865</u>	<u>1,849,881</u>
	<u>4,185,039</u>	<u>-</u>	<u>4,185,039</u>	<u>3,900,799</u>

7. EXPENDITURE ON CHARITABLE ACTIVITIES

	Unrestricted	Restricted	Total 2023	Total 2022
	£	£	£	£
Provision of Care:				
Direct Costs	3,828,700	268,142	4,096,842	3,908,568
Support Costs (see note 8)	<u>1,164,844</u>	<u>-</u>	<u>1,164,844</u>	<u>1,114,665</u>
	<u>4,993,544</u>	<u>268,142</u>	<u>5,261,686</u>	<u>5,023,233</u>

Tŷ Hafan
Notes to the Financial Statements - continued
for the year ended 31 March 2023

8. SUPPORT COSTS

Cost Categories	Charitable Activities	Donations & Legacies	Membership Lottery	Retail	Total 2023	Basis
	£	£	£	£	£	
Management	170,110	42,869	31,036	59,606	303,621	Average Head Count
Finance	294,674	77,648	48,964	110,865	532,151	Average Head Count
Governance (note 9)	118,411	-	-	-	118,411	Time Spent
IT	119,425	33,484	16,991	49,459	219,359	Average Head Count
Human Resources	247,488	65,483	40,743	93,716	447,430	Average Head Count
PR & Marketing	214,736	55,501	37,215	78,357	385,809	Time Spent
	1,164,844	274,985	174,949	392,003	2,006,781	

All costs are attributed by activity on the basis of head count or time spent on each activity. As the Charitable Company has only one charitable activity all support costs are allocated to this activity.

9. GOVERNANCE COSTS

Analysed as:	Unrestricted	Restricted	Total 2023	Total 2022
	£	£	£	£
Salary costs	108,116	-	108,116	100,854
Audit fees	10,239	-	10,239	10,673
Accounting services	-	-	-	8,402
Legal and professional	56	-	56	63
Trustee's expenses	-	-	-	80
	118,411	-	118,411	120,072

10. NET INCOME

The net surplus / (deficit) is stated after charging:

	2023	2022
	£	£
Operating leases	342,237	359,533
Fees payable to the Charitable Company's auditor for the audit of the group	10,239	10,673
Depreciation of owned assets	<u>478,394</u>	<u>736,718</u>

11. TRUSTEES' REMUNERATION AND BENEFITS

	2023	2022
	£	£
Trustees Expenses	<u>-</u>	<u>80</u>

During the year, 0 (2022:1) Trustees were reimbursed for miscellaneous expenses.

12. EMPLOYEES' REMUNERATION

a) Staff costs

Staff costs during the year were:

	2023	2022
	£	£
Wages and salaries	5,361,259	5,079,928
Social security costs	492,409	427,659
Pension costs	337,296	329,649
Redundancy and Termination Costs	<u>21,131</u>	<u>17,311</u>
	<u>6,212,095</u>	<u>5,854,547</u>

The key management personnel of the Charitable Company are the Chief Executive Officer, the Director of Nursing and Clinical Services, the Director of Family Wellbeing and Outreach Services, the Director of Finance, the Director of Income Generation, the Director of People Services and the Director of Marketing Communications and Lottery. The employee benefits of key management personnel for the year totalled £477,490 (2022: £444,100). During the year there have been no ex-gratia payments to staff.

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Notes to the Financial Statements - continued
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b) Staff numbers – average head count

	2023	2022
	No.	No.
Care Staff	91	92
Donations & Legacies	23	26
Retail Staff	48	51
Lottery staff	9	14
Central services	23	22
	194	205

c) Higher paid staff

The number of employees whose gross emoluments fall within each band of £10,000 from £60,000 upwards are as follows:

	2023	2022
	No.	No.
£60,001 to £70,000	1	1
£70,001 to £80,000	1	1
£80,001 to £90,000	-	-
£90,001 to £100,000	-	1
£100,001 to £110,001	1	-

The Charitable Company also made pension contributions on behalf of the above employees totalling £38,190 (2022: £35,548) which have not been included within the banding categories above.

13. TAXATION

As a registered charity, Tŷ Hafan is entitled to the exemptions from taxation in respect of income and capital gains received within Sections 478 - 489 of the Corporation Tax Act 2010 and section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that these are applied to its charitable objects purposes only.

The trading subsidiary, Tŷ Hafan Trading Limited, has utilised previous taxation losses against taxable profit for the year and hence there are no amounts chargeable to corporation tax.

The trading subsidiary, Crackerjackpot Limited, has gifted taxable profits arising during the year to its charitable parent Tŷ Hafan Limited and hence there are no amounts chargeable to corporation tax.

As a consequence of the above, no tax charges have arisen in the group.

14. CHARITABLE COMPANY RESULTS

The Charitable Company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own income and expenditure account in these financial statements. The results of Tŷ Hafan (the Charitable Company) are summarised below:

	2023	2022
	£	£
Total incoming resources	8,957,290	7,892,103
Total resources expended	(8,681,907)	(8,074,731)
Net incoming resources	275,383	(182,628)
Net unrealised investment gain/(loss)	(626,920)	612,293
Net movement in funds	(351,537)	429,665
Funds:		
As 1 April 2022	<u>19,136,023</u>	<u>18,706,358</u>
At 31 March 2023	<u>18,784,486</u>	<u>19,136,023</u>

The above results include £808,809 (2022: £852,567) in gift aid donations received by the Charitable Company from its trading subsidiary Crackerjackpot Limited.

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Notes to the Financial Statements - continued
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15. TANGIBLE FIXED ASSETS

Group and Charity

	Freehold Land and Buildings	Fixtures and Fittings	Equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 April 2022	8,387,009	1,201,397	625,652	106,898	10,320,956
Additions	93,806	17,528	99,469	-	210,803
Revaluations	-	-	-	-	-
Disposals	61,370	-	-	(9,000)	52,370
At 31 March 2023	<u>8,542,185</u>	<u>1,218,925</u>	<u>725,121</u>	<u>97,898</u>	<u>10,584,129</u>
Depreciation					
At 1 April 2022	2,623,958	1,069,421	480,056	96,542	4,269,977
Charge for the year	285,918	87,033	98,984	6,459	478,394
Revaluations	-	-	-	-	-
Disposals	16,151	-	-	(9,000)	7,151
At 31 March 2023	<u>2,926,027</u>	<u>1,156,454</u>	<u>579,040</u>	<u>94,001</u>	<u>4,755,522</u>
Net Book Value					
At 31 March 2023	<u>5,616,158</u>	<u>62,471</u>	<u>146,081</u>	<u>3,897</u>	<u>5,828,607</u>
At 31 March 2022	<u>5,763,051</u>	<u>131,976</u>	<u>145,595</u>	<u>10,357</u>	<u>6,050,979</u>

16. FIXED ASSET INVESTMENTS

Total fixed asset investments comprise:

	2023		2022	
	Group	Charity	Group	Charity
	£	£	£	£
Interests in subsidiary undertakings	-	10,001	-	10,001
Market value of other fixed asset investments	<u>12,476,891</u>	<u>12,476,891</u>	<u>12,837,993</u>	<u>12,837,993</u>
	<u>12,476,891</u>	<u>12,486,892</u>	<u>12,837,993</u>	<u>12,847,994</u>

FIXED ASSET INVESTMENTS (CONTINUED)

Interests in group undertakings

At 31 March 2023, the Charitable Company held 100% of the allotted ordinary share capital of the following subsidiaries:

	Country of Incorporation	Class of Share Capital Held	Company Number	Nature of Business	Capital and Reserves £	Result for the Financial Year £
Tŷ Hafan Trading Limited	England & Wales	Ordinary shares	05129825	Trading Merchandise	12,273	334
Crackerjackpot Limited	England & Wales	Ordinary shares	08221671	Lottery Operations	10,000	-

Other fixed asset investments were held as follows:

	2023 Group and Charity £	2022 Group and Charity £
Listed Investments		
Market value at 1 April	12,837,993	12,530,466
Additions	2,062,442	3,500,777
Disposals	(1,788,075)	(4,001,036)
Cash movement	(8,549)	195,493
Revaluation	(626,920)	612,293
Market value at 31 March	<u>12,476,891</u>	<u>12,837,993</u>
Cash included in total	<u>867,758</u>	<u>876,307</u>
Historical cost	<u>12,107,828</u>	<u>11,685,893</u>

The market value at 31 March 2023 comprises a sum of £12,395,033 managed by Brewin Dolphin (2022: £12,754,664). Also included in the market value are £81,858 (2022: £83,329) of shares which were bequeathed to the Charity taking the investment portfolio to £12,476,891 at the balance sheet date.

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Income generated totalling £322,995 (2022: £254,778) was invested after deduction of management charges of £52,176 (2022: £59,548). The investments are unrestricted. During the year there were £0 (2022: £500,000) withdrawals from the investment portfolio to fund capital and other programme expenditure. The portfolio includes £5,589,565 (2022: £6,244,176) invested in UK investments and £6,887,326 (2022: £6,593,817) invested in overseas investments.

17. STOCKS

	2023		2022	
	Group £	Charity £	Group £	Charity £
Retail goods held for sale	<u>5,127</u>	<u>-</u>	<u>3,460</u>	<u>-</u>

18. DEBTORS

	2023		2022	
	Group £	Charity £	Group £	Charity £
Trade Debtors	460,649	460,649	379,577	379,577
Prepayments and accrued income	478,799	444,668	410,001	403,577
Due from subsidiary undertakings	-	180,014	-	333,015
Employee benefit schemes	2,405	2,405	23	23
VAT recoverable	65,547	65,547	50,940	50,940
	<u>1,007,400</u>	<u>1,153,283</u>	<u>840,541</u>	<u>1,167,132</u>

Debtors are stated after provisions for impairment of £Nil (2022: £Nil).

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023		2022	
	Group £	Charity £	Group £	Charity £
Trade creditors	142,445	129,946	192,184	190,379
Owed to subsidiary undertakings	-	7,146	-	8,480
Social security and other taxes	164,555	157,371	154,665	142,550
Accruals	320,495	306,750	193,832	183,660
Deferred income	692,076	537,304	326,973	169,692
	<u>1,319,571</u>	<u>1,138,517</u>	<u>867,654</u>	<u>694,760</u>

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Notes to the Financial Statements - continued
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CREDITORS: DEFERRED INCOME

Deferred income consists of income received in respect of future draws of the group's weekly membership lottery, and grants to be utilised in future periods.

	2023		2022	
	Group £	Charity £	Group £	Charity £
As at 1 April	326,973	169,692	304,569	148,277
Amounts released to incoming resources	(223,194)	(65,913)	(269,078)	(112,786)
Amounts deferred in the year	588,297	433,525	291,482	134,201
As at 31 March	692,076	537,304	326,973	169,692

20. PROVISIONS FOR LIABILITIES AND CHARGES

	2023		2022	
	Group £	Charity £	Group £	Charity £
As at 1 April	502,306	502,306	615,363	615,363
Additions	8,733	8,733	15,484	15,484
Charged during the year	0	0	(128,541)	(128,541)
As at 31 March	511,039	511,039	502,306	502,306

The nature of the Charitable Company's activities requires it to enter into lease agreements for various items of equipment, property and vehicles.

The provision relates to management's best estimate of costs in respect of such items beyond fair wear and tear for which the Charitable Company is liable under the terms of each agreement.

21. PENSION SCHEMES

The Charitable Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Charitable Company to the scheme and amounted to £255,492 (2022: £242,229).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

The Charitable Company also contributes to the NHS Pension scheme, whose fund is held independently of the Charitable Company. The scheme is an unfunded defined benefit scheme but the Charitable Company is unable to identify its share of the underlying assets and liabilities.

Employer contribution rates are reviewed every four years following a scheme valuation carried out by the government actuary. On the advice of actuary, the contributions may be varied from time to time to reflect changes in the scheme's liabilities.

The last formal actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016 (published in February 2019). The primary purpose of the formal actuarial valuations is to set employer and employee contribution rates from April 2019. The Department of Health and Social Care have recently laid Scheme Regulations confirming that the employer contribution rate will increase to 20.6% of pensionable, pay from this date.

Completion of the 2020 valuation is expected from HMT in summer 2022, and the results of the 2020 valuation and the employer cost cap will be reported in the 2022- 22 NHS Pension Scheme accounts.

The contributions to this NHS scheme in the year were £83,150 (2022: £94,311)

The Charitable Company has made no employer contributions into employee personal pension schemes.

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Notes to the Financial Statements - continued
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22. MOVEMENT IN FUNDS – GROUP

	Balance at 1 Apr 2022	Incoming resources	Outgoing resources	Transfers	Unrealised gain on Investments	Balance at 31 Mar 2023
	£	£	£	£	£	£
Unrestricted funds						
General funds	<u>10,789,789</u>	<u>9,510,643</u>	<u>(9,107,929)</u>	<u>(814,865)</u>	<u>(626,920)</u>	<u>9,750,718</u>
Designated Funds						
Care in Community	40,013	-	-	-	-	40,013
Fixed Assets	5,343,132	-	-	(138,778)	-	5,204,354
Planned Deficits	1,226,000	-	-	961,760	-	2,187,760
Major Capital Projects	500,000	-	-	-	-	500,000
Hospice Staff Costs	125,000	-	-	-	-	125,000
Transition	<u>246,282</u>	<u>-</u>	<u>(70,654)</u>	<u>-</u>	<u>-</u>	<u>175,628</u>
	<u>7,480,427</u>	<u>-</u>	<u>(70,654)</u>	<u>822,982</u>	<u>-</u>	<u>8,232,755</u>
Restricted funds						
Building	588,717	-	-	(8,117)	-	580,600
Hospice Equipment	39,487	16,000	(39,959)	-	-	15,528
Staff Costs	183,593	65,952	(149,813)	-	-	99,732
Hospice Service Users	31,159	25,171	(42,412)	-	-	13,918
Hospice Building Works	-	96,206	(250)	-	-	95,956
Hospice IT	-	-	-	-	-	-
Garden Works Project	34,789	3,356	(35,708)	-	-	2,437
Care in Community	-	5,114	-	-	-	5,114
	<u>877,745</u>	<u>211,799</u>	<u>(268,142)</u>	<u>(8,117)</u>	<u>-</u>	<u>813,285</u>
	<u>19,147,961</u>	<u>9,722,442</u>	<u>(9,446,725)</u>	<u>-</u>	<u>(626,920)</u>	<u>18,796,758</u>

Included within the above general funds are funds of the subsidiaries amounts to £12,273 (2022: £11,939) all of which are unrestricted.

MOVEMENT IN FUNDS – GROUP (CONTINUED)

General Funds:

General funds are available for use at the trustees' discretion in furtherance of the objectives of the Charitable Company. Included in general funds is the revaluation loss of investments to market value of £626,920 (2022: revaluation gain of £612,293).

Fund Transfers:

During the year £8,117 (2022 £212,663) was transferred from restricted funds to unrestricted funds. This relates to the depreciation charge on the building asset funded by the Welsh Government held in restricted funds (see note below).

Restricted Funds:

The Big Lottery provided funds towards an extension to the hospice in 2015 and equipment. This fund is charged with the depreciation arising thereon.

Welsh Government provided funding towards the purchase of the hospice freehold land. This land was purchased in 2010 and has been capitalised in the financial statements.

During the year we were also kindly donated funds towards the refurbishment of the hospice sanctuary space, staffing for bereavement, play and transition services.

Designated Funds:

Included in the Unrestricted Funds are 3 donations received that have been designated for specific future expenditure, a total of £125,000 has been ring fenced for hospice staff costs, £40,013 for providing care in the community and a legacy donation of £246,282 which is being spent on resources to help the transition between child and adult services. There is also an allowance for the funds invested in the hospice and office building of £5,204,354, a provision of £2,187,760 to cover planned deficits for the 2023/24 financial year and a £500,000 provision for major capital projects where grant funding is not available.

23. ANALYSIS OF NET ASSETS BETWEEN FUNDS

GROUP

	Fixed assets £	Investments £	Net current assets £	Provision £	Total £
Unrestricted funds	5,248,007	12,244,206	1,002,299	(511,039)	17,983,473
Restricted funds	580,600	232,685	-	-	813,285
Total funds	<u>5,828,607</u>	<u>12,476,891</u>	<u>1,002,299</u>	<u>(511,039)</u>	<u>18,796,758</u>

CHARITY

	Fixed assets £	Investments £	Net current assets £	Provision £	Total £
Unrestricted funds	5,248,007	12,254,207	980,026	(511,039)	17,971,201
Restricted funds	580,600	232,685	-	-	813,285
Total funds	<u>5,828,607</u>	<u>12,486,892</u>	<u>980,026</u>	<u>(511,039)</u>	<u>18,784,486</u>

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24. RECONCILIATION OF INCOME/(EXPENDITURE) TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	Note	2023 £	2022 £
Surplus / (Deficit) of income over expenditure		(351,203)	429,425
(Gains) / Losses on investments	16	626,920	(612,293)
Net investment income and bank interest payable	5	(323,001)	(254,803)
Investment portfolio management fees	6	57,176	59,548
Depreciation	15	478,394	736,718
Disposals / Revaluation Movement	15	(45,219)	55,728
Increase in stock	17	(1,667)	12,842
Decrease / (Increase) in debtors	18	(166,859)	368,205
Increase in creditors	19	451,917	(1,521)
Movement in provision for liabilities and charges	20	8,733	(113,057)
Net cash outflow from operating activities		735,191	680,792

25. CAPITAL COMMITMENTS

As at 31 March 2023, the Charity had capital commitments totalling £0 (2022: £0).

26. OPERATING LEASE COMMITMENTS

As at 31 March 2023, the group had annual commitments under non-cancellable operating lease arrangement as follows:

	2023		2022	
	Group £	Company £	Group £	Company £
Land and Buildings				
Leases expiring within one year	142,717	142,717	193,800	193,800
Leases expiring within 2 to 5 years	80,825	80,825	214,792	214,792
Leases expiring within greater than 5 years	-	-	-	-
	223,542	223,542	408,592	408,592
Other Operating				
Leases expiring within one year	10,086	10,086	10,633	10,633
Leases expiring within 2 to 5 years	5,625	5,625	10,295	10,295
Leases expiring within greater than 5 years	-	-	-	-
	15,711	15,711	20,928	20,928

27. LEGAL CHARGE

The Charitable Company has entered into a covenant with the New Opportunities Fund to discharge all monies and liabilities which shall from time to time be due as set out in the grant contract. As part of the agreement to award the Charitable Company a grant to fund the building of the new Hospice extension as continuing security for the payment and discharge of the liabilities, the New Opportunities Fund have been granted a first legal mortgage over the land and premises at Sully, Penarth, which has a net book value of £5,616,158 (2022: £5,763,051), and the Charitable Company assigns to the fund by way of first fixed equitable charge each and all of the insurance and all future easements and other rights at any time vested in or conferred on the Charitable Company in connection with or otherwise for the benefit of the property.

28. CONTINGENT LIABILITY

Sale of Land

As part of the agreement to purchase the freehold of the land on which the hospice is built an overage agreement applies to future development which is payable to the previous freeholder. The restriction is in place until 2035. It is not possible at this time to quantify any contingent liability arising.

29. MEMBERS' LIABILITY

The Charitable Company is a private company limited by guarantee and consequently has no share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the Charitable Company in event of liquidation.

30. RELATED PARTY DISCLOSURES

The Charitable Company is exempt from disclosing transactions with its subsidiaries under the provisions of FRS 102, as the subsidiaries are 100% controlled by the Charitable Company.

31. INDEMNITY INSURANCE

The group has taken out Charity and Charity Trustees Indemnity Insurance at a cost of £499 (2022: £499).

32. PRIOR YEAR STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £
Income from:			
Donations and Legacies	3,880,571	421,461	4,302,032
Charitable Activities			
- Provision of Care	613,139	-	613,139
Other Trading Activities	3,571,190	-	3,571,190
Investments and other income	254,803	-	254,803
Total income	<u>8,319,703</u>	<u>421,461</u>	<u>8,741,164</u>
Expenditure on:			
- Trading Activities	2,842,034	-	2,842,034
Total income net of trading expenditure	<u>5,477,669</u>	<u>421,461</u>	<u>5,899,130</u>
Expenditure on:			
- Raising Funds	999,217	-	999,217
- Investment Management	59,548	-	59,548
Net income available for Charitable Activities	<u>4,418,904</u>	<u>421,461</u>	<u>4,840,365</u>
Charitable Activities			
- Provision of Care	4,808,895	214,338	5,023,233
Total Expenditure	<u>8,709,694</u>	<u>214,338</u>	<u>8,924,032</u>
Net income before gains/(losses) on investments	<u>(389,991)</u>	<u>207,123</u>	<u>(182,868)</u>
Net gains/(losses) on investments	612,293	-	612,293
Net Income / (Expenditure)	<u>222,302</u>	<u>207,123</u>	<u>429,425</u>
Gross transfers between funds	212,663	(212,663)	-
Net movement in funds	434,965	(5,540)	429,425
Reconciliation of Funds			
Funds balances brought forward	17,835,251	883,285	18,718,536
Fund balances carried forward	<u>18,270,216</u>	<u>877,745</u>	<u>19,147,961</u>

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33. PRIOR YEAR MOVEMENT IN FUNDS – GROUP

	Balance at 1 Apr 2021 £	Incoming resources £	Outgoing resources £	Transfers £	Unrealised gain on Investments £	Balance at 31 Mar 2022 £
Unrestricted funds						
General funds	9,898,183	8,319,703	(8,715,912)	675,522	612,293	10,789,789
Designated Funds						
Care in Community	32,220	-	7,793	-	-	40,013
Fixed Assets	5,395,991	-	-	(52,859)	-	5,343,132
Planned Deficits	2,136,000	-	-	(910,000)	-	1,226,000
Major Capital Projects	-	-	-	500,000	-	500,000
Hospice Staff Costs	125,000	-	-	-	-	125,000
Transition	247,857	-	(1,575)	-	-	246,282
	<u>7,937,068</u>	<u>-</u>	<u>6,218</u>	<u>(462,859)</u>	<u>-</u>	<u>7,480,427</u>
Restricted funds						
Building	443,037	168,797	(15,000)	(8,117)	-	588,717
Hospice Equipment	38,945	12,135	(11,593)	-	-	39,487
Staff Costs	187,867	149,469	(153,743)	-	-	183,593
Hospice Service Users	12,221	52,940	(34,002)	-	-	31,159
Hospice Refurbishment Appeal	163,154	36,620	-	(199,774)	-	-
Hospice IT	-	-	-	-	-	-
Garden Works Project	38,061	1,500	-	(4,772)	-	34,789
Care in Community	-	-	-	-	-	-
	<u>883,285</u>	<u>421,461</u>	<u>(214,338)</u>	<u>(212,663)</u>	<u>-</u>	<u>877,745</u>
	<u>18,718,536</u>	<u>8,741,164</u>	<u>(8,924,032)</u>	<u>-</u>	<u>612,293</u>	<u>19,147,961</u>

